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Letter dated 8 March 2000 from the Permanent Representative of the Libyan Arab Jamahiriya to the United Nations addressed to the President of the Security Council

I have the honour to transmit to you herewith a report concerning the direct damage, in both material and human terms, that was caused by the unlawful measures imposed on the Libyan Arab Jamahiriya by the Security Council pursuant to its resolutions 748 (1992) and 883 (1993) and maintained from 15 April 1992 until suspended on 5 April 1999.

It should be noted that the report refers only to the direct damage sustained by the key economic sectors and not to the other, indirect damage done to all aspects of life in the country.

I should be grateful if you would have this letter and its annex circulated as a document of the Security Council.

(*Signed*) Abuzed Omar **Dorda**
Ambassador
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Annex

Damage caused by the implementation of Security Council resolutions 748 (1992) and 883 (1993) during the period from 15 April 1992 to 5 April 1999

The implementation of Security Council resolutions 748 (1992) and 883 (1993) inflicted serious damage on the Libyan people over the seven-year period in question and affected all aspects of life — humanitarian, economic and social. The sanctions they imposed also had an impact on development plans and programmes. It has been possible to calculate the enormous financial losses sustained from the time sanctions were first imposed on 15 April 1992 until they were suspended on 5 April 1999 at some $33,602,409,163. The impact of the unjust sanctions, which were prejudicial to the progress and prosperity of the Libyan people, is still being felt despite their suspension, and it will take many years to overcome their consequences.

The present report provides details concerning the scale of the enormous damage, in human and material terms, that was sustained by the Libyan people in the most seriously affected areas, such as the health, agriculture, livestock, communications, transport, industry, finance and energy sectors.

I. Health and social welfare

This sector suffered serious damage as a result of the air embargo, which had an adverse impact on programmes for the advancement of all segments of society in terms of health and social welfare. The expatriate communities also suffered from the same adverse consequences. The financial losses sustained by the health and social welfare sector over the seven-year period came to some $1,429,593,234.

The air embargo also caused a rise in the number of fatalities in road accidents because of the increased movement of accident victims by overland routes. There were thus some 8,774 such fatalities during the years of the embargo, and hundreds of persons were also badly injured or permanently disabled. There were also large-scale losses in terms of vehicles destroyed in accidents.

The consequences of the sanctions for the health services can be seen in the following areas:

(a) Maternal and child health;

(b) Medical procurement (drugs and medical supplies and equipment);

(c) Therapeutic services;

(d) Medical evacuation services.

A. Maternal and child health

The implementation of the global child immunization programme, a programme of the World Health Organization (WHO), was seriously disrupted during the embargo because of the difficulty of obtaining vaccines and the lack of refrigeration facilities to maintain their efficacy. Vaccines were delivered to airports

in neighbouring countries and then forwarded to the Jamahiriya by road. Because of the vast area covered by the country and the absence of internal and external air services, it was impossible to deliver specimens quickly and at the proper time. The poliomyelitis immunization programme also suffered from a severe shortage of equipment and the intermittent availability of vaccines, thus preventing the organization of national immunization days.

A number of expectant mothers died because of delays in evacuating them by air, since the air ambulance service encountered technical difficulties that prevented it from responding to all calls. Neonatal mortality rose from 26 per 1,000 prior to the embargo to 31 per 1,000 because of a shortage of essential equipment, the lack of the supplies needed to maintain what equipment there was and an acute shortage of spare parts.

It is common knowledge that contagious diseases that kill millions of people can be prevented by vaccines and serums. These consist of fragile micro-organisms that require a suitable environment in order to remain in good condition and retain their effectiveness. Improper storage, such as storage above or below a specific temperature, spoils vaccines and makes them useless, so that people contract the diseases in question despite having been vaccinated. Because of the embargo, instead of being sent directly by air-freight from the place they were produced, vaccines and serums were shipped overland and were thus more exposed to variations in temperature and therefore to spoilage. In this situation, a person is vaccinated and believes himself to be protected from a particular illness when in reality the vaccine has done him no good. This is most deleterious to the health of citizens and has repercussions for society as a whole because it promotes a high incidence of contagious diseases in the community.

B. Medical procurement

The air embargo imposed on the Jamahiriya had an adverse impact on the programme for medical procurement (drugs and medical equipment and supplies), and it caused major difficulties that had repercussions for the orderly purchase and importation of these items. Because of the embargo it became necessary to import most perishable items requiring shipment by air by way of either Tunis or Malta, so that many additional formalities were required in order to ensure delivery of the goods. Also because of the embargo, many companies were reluctant to submit offers and to cooperate with the Jamahiriya's General People's Committee for Health and Social Welfare, despite the urgent and pressing need to treat many illnesses. They refused to cooperate without regard for the humanitarian aspects, and some examples of this are given hereunder.

1. In connection with medical equipment and supplies, shipments of some key items used in cardiovascular surgery and therapy were refused because the country of origin was the United States. This was also the case for preparations and supplies used in neurosurgery.

2. Supplies of laboratory preparations and reagents, including those used for histocompatibility typing and renal transplantation, were refused. Procedures of this kind were thus not performed at all or were postponed. In many cases reagents were spoiled by exposure to high temperatures.

3. The following classes of drugs with special shipping and storage requirements were also affected by the air embargo: anaesthetics; serums and vaccines for children; insulin; blood products and plasma; and drugs for cancer chemotherapy.

4. The United States refused the Siemens company permission to supply equipment for nuclear medicine.

5. The Tripoli Medical Centre was prevented from obtaining ultrasound medical imaging equipment from the Toshiba company.

6. Some companies were required to obtain special permits in order to export to the Jamahiriya.

7. Radioisotopes, such as the radioiodine used to treat thyroid disorders, have to be shipped by air because of their short lifespan and this was impossible during the embargo.

In addition to these difficulties, the cost of importing these items was increased by the possibility of their encountering storage problems during shipment and by the need to take extraordinary measures to ensure their safe arrival.

Baxter, an American company, took over the Austrian company Immuno, which used to do business directly with the Jamahiriya, so that the supply of such blood products as albumin and plasma protein was halted. The Biotest company (supplies for renal transplantation) could only export to the Jamahiriya after obtaining an export license endorsed by several agencies in the country of origin, the United States of America. The B.D.I.L. company refused to ship certain chemicals and laboratory supplies even though it was provided with a certificate showing that the items ordered were for medical laboratories in the health facilities of the Secretariat of the General People's Committee for Health. A large number of companies will only accept the terms of a letter of credit if it is drawn up in the manner they specify themselves.

The delivery of merchandise by way of third countries also caused extraordinary difficulties, gave rise to additional expenditures for clearing shipments received by way of Tunis airport (more than five flights a week) and led to other administrative costs such as those for transport, the rental of vehicles and the remuneration of staff assigned to this work.

C. Therapeutic services

(a) Expatriate medical personnel

The resignation of many members of the medical staff who had been under contract to work in medical facilities or their failure to report for duty owing to the difficulty of travelling overland or by sea had an adverse impact on the provision of health services to citizens in the Jamahiriya. To accept such a contract was regarded as a venture fraught with danger and one that required lengthy and complex formalities in the countries of transit. Senior medical educators and specialists, both those from WHO and from various medical centres, were unable to come to the country to take cases that are difficult to treat locally. This caused disruption in the provision of medical services, was an impediment to basic health-care programmes and prevented the goals of the WHO Health for All programme from being achieved.

(b) Patients with renal disorders

The damage caused by the sanctions imposed by the United Nations and the United States had repercussions on both qualitative and quantitative aspects of the services offered to these patients, making it difficult to maintain standards and increasing both morbidity and mortality. The damage and its consequences are analysed hereunder.

Medical procurement for renal disorders and transplantation

1. Shipments of special drugs for both renal disorders and renal transplantation were delivered late, thus interrupting the treatment of patients undergoing regular dialysis and reducing its effectiveness. Interruptions in the supply of immunosuppressants caused many cases of rejection so that the transplanted organs were lost and cases of kidney failure mounted, to say nothing of the financial loss to the community and to the State budget. Haemodialysis units also suffered from acute shortages of the following drugs, preparations and supplies:

(a) Catheters for use in dialysis;

(b) The bicarbonate-based dialysates that are particularly necessary for children and cardiac patients suffering from renal failure and unable to tolerate the side effects of acetate solutions;

(c) Cyclosporine, an immunosuppressant whose absence caused problems for patients being monitored at transplantation clinics and often made it difficult to control rejection;

(d) Erythropoietin, used to treat the anaemia of renal failure.

2. Because of the air embargo, it was difficult to manage emergency shortages of drugs and medical supplies. The medical procurement agency was unable to respond promptly to crisis situations where there were unanticipated shortfalls in strategic stocks of drugs and medical supplies on order from companies in different countries because of the loss of the most rapid and appropriate means of transportation.

3. Particular drugs and laboratory reagents with special refrigeration or storage requirements were delivered late because they were shipped by sea or sent by way of an airport in a neighbouring country and carried overland from there, and their efficacy was therefore reduced. Examples include erythropoietin, immunosuppressants such as ATG and OKT3, histocompatibility typing reagents and radiopharmaceuticals used in the diagnosis of renal disorders. Enormous sums were thus expended on the purchase of these essential items without there being any possibility of making optimum use of them, and this only increased the pressure on the State to purchase more.

4. There were delays in the delivery of spare parts for dialysers that caused increased breakdowns and raised the general cost of dialysis as reflected in the health services budget. Cases of renal failure also mounted, and waiting lists for dialysis grew longer.

Viral hepatitis problems in dialysis units

Because of the aforesaid difficulties and the failure to bring them under control, the number of cases of infection with hepatitis B virus (HBV) and hepatitis C virus (HCV) in dialysis units increased greatly despite the efforts made to counter the problem. This was caused by interruptions in the delivery of laboratory preparations used to detect infection with hepatitis viruses and the ban imposed by the United States on the transfer of the technology required for the corroborative diagnosis of such viruses on the grounds that it could be used for other purposes. This included, for example, the PCR technique. There was consequently an increased incidence of HBV and HCV, with the associated complications for patients, and of cirrhosis, fibrosis and neoplasms of the liver. Organ transplantation also came to a halt, and units reported mounting cases of kidney failure.

Early diagnosis and preventive treatment of renal disorders

The embargo caused delay in the analysis of specimens of kidney tissue taken from patients at the relevant centre. It became impossible to send such specimens to specially equipped centres for electron-microscope examination, since such a programme would have required rapid means of transportation and special containers. It was therefore necessary to send patients abroad for such tests, with the consequent additional costs of travel and accommodation.

Patients treated abroad

It was decided that some 9,960 patients should be treated abroad. The patients concerned encountered great difficulty in travelling and in moving from airport to airport before arriving in the countries where they were to receive treatment. This caused numerous problems and complications for patients, especially those being sent for kidney transplantation. On the outward journey they had problems associated with dialysis, such as the need to undergo sessions in several countries, and this added to the costs involved. When returning, following the transplantation procedure, in travelling overland they suffered from dehydration in summer and from colds and viral infections in winter owing to their impaired immune systems. This caused major losses in material and human terms, inasmuch as many patients died before arriving at the places they were to have been treated or immediately thereafter.

National renal transplantation programme

This programme was badly affected, and its activities were disrupted by: the unavailability of histocompatibility typing preparations; the failure of special drugs and solutions for organ preservation to be delivered on a fixed schedule; and the difficulty of maintaining cooperation with the leading centres in this field overseas because of the problems involved in travelling to the country. The problems encountered by the dialysis units thus increased the incidence of renal failure, and this in turn led to longer and longer waiting lists at major centres.

United States ban on commercial dealings with the Jamahiriya

Despite pressing needs, this ban held up the transfer of the latest diagnostic technology on the grounds that it could be used for other purposes. Examples

include the PCR technique for the diagnosis of HCV and histocompatibility typing preparations ordered from the Biotest company.

Pharmaceutical production

It was difficult to establish plants to produce drugs and preparations for dialysis because of the problems encountered in obtaining sophisticated technology from major international companies and importing inputs on schedule. This caused major losses and frequent stoppages in production.

D. Medical evacuation

The aircraft of the Libyan air ambulance service, the only rapid means of transporting patients, encountered many difficulties during the embargo because of the obstacles to be overcome and the lengthy formalities to be completed, beginning in the country itself and extending as far as New York, in obtaining approval from the relevant Security Council Committee. These included the submission of medical reports, authentication by the United Nations office in Tripoli, applications for permits and correspondence with the Committee — all subject to delay by intervening weekends and holidays. Some of the States members of the Security Council then refused to allow all six Libyan air ambulance aircraft to be used, and approval was given for only two of them. Supplies of spare parts and the provision of maintenance services for Libyan air ambulance aircraft immobilized inside the country were also refused, so that they were unable to perform their humanitarian tasks either at home or abroad. At the same time, the Jamahiriya covers an enormous area and the air ambulances required a regular supply of spare parts and constant maintenance in view of their age. The aircraft were thus not airworthy and could not be used to carry patients because the Security Council refused permission for the importation of the parts necessary for the required maintenance to be carried out. Throughout the time of the embargo, the Security Council Committee withheld approval for the maintenance of five air ambulance aircraft, two each of the Beechcraft and Dolphin types and one of the Chinook type. The Committee also withheld approval for a shipment of spare parts and the return of an air ambulance aircraft that had been in France for maintenance at the time resolution 748 (1992) was adopted. The Sanctions Committee was approached for permission for drugs and vaccines to be shipped on board the air ambulances, but it imposed conditions that made it impossible for this to be done.

The Sanctions Committee designated five countries where Libyan patients could be received (namely the United Kingdom, Italy, Germany, Switzerland and France), and none were allowed to be taken elsewhere. There were Arab and other expatriate communities in Libya made up of nationals of a variety of countries (including Egypt, Tunisia, Syria, Greece, Austria, Bulgaria, Yugoslavia and Poland) who required medical evacuation to their home countries, but of the many requests made for this some were rejected and many others went unanswered. There were numerous fatalities as a result.

The air ambulances were not allowed to land for refuelling when on a flight, which was a problem for short-range aircraft unable to cover the entire distance without taking on more fuel. The Sanctions Committee finally stipulated that refuelling could take place only when a patient was being carried.

Table 1
Approximate cost of the damage caused by the sanctions to the Libyan people in the health care area in the period from 1 January 1998 and 31 March 1999
(Libyan dinars)

Additional costs and spoilage of medical supplies	7 000 000
Additional cost of treatment abroad at private expense	7 000 000
Additional cost of treatment at home	14 000 000
Damage to medical equipment and services	9 000 000
Additional cost of ambulance services	1 500 000
Damage to the air ambulance service	9 000 000
Damage to primary health care	5 000 000
Other damage	2 000 000
Total	**54 500 000**

The three-day period within which a medical evacuation had to be completed was insufficient. Some flights could not be completed on the day for which the request had been made because permission had not been obtained from some countries to transit their airspace on the day in question and the flight had to be postponed until such time as such permission was obtained. This made it necessary for the approval of the Sanctions Committee in New York to be sought once again.

II. Agriculture

The implementation of Security Council resolutions 748 (1992) and 883 (1993) had a major impact on the country's agricultural sector. Sectoral institutions and agencies were adversely affected, and policies, plans and programmes for the sector were disrupted. There was a consequent sharp drop in agricultural output, and this had negative repercussions for standards of living, food prices and farm incomes. For 1998, financial losses in the sector have been estimated at 34,265,045 Libyan dinars (LD), so that the total cost of the damage done from the time sanctions were first imposed on 15 April 1992 until they were suspended on 5 April 1999 amounts to some $1,494,648,712.

A. Crop production

1. Production of miscellaneous fruit-tree seedlings in public and private nurseries is estimated at some 4 million units. However, during the 1998 season, for example, it fell to only 882,200 units owing to the difficulty of importing agricultural supplies for nursery use.

2. It was impossible to import the full number of 500,000 fruit-tree seedlings, valued at LD 200,000, during the 1998 season.

3. The cost of the 1998 shortfall in field crops that was caused by the embargo imposed on the Jamahiriya by the Security Council is shown in table 2.

Table 2
Cost of the shortfall in field crops caused by the embargo, 1998

Item	*Target output (tons)*	*Actual output (tons)*	*Shortfall (tons)*	*Cost of shortfall (dollars)*
Wheat	217 000	47 000	170 000	42 500 000
Barley	217 000	217 000	0	0
Pulses	6 000	4 500	1 500	1 200 000
Fodder	252 000	130 000	122 000	24 400 000
Total				**68 100 000**

4. There were delays in securing beekeeping supplies and pharmaceuticals used to combat the Varroa mite, an external parasite of honey bees. This caused the loss of several swarms, for a financial loss of some LD 150,000, and a loss of honey production valued at another LD 150,000.

5. No agreement could be reached on importing 4,000 queen bees from Australia because of the requirement to take delivery of the shipment by way of Malta.

6. Farmers were unable to export an estimated surplus of 60,000 tons of miscellaneous vegetables valued at $30 million.

B. Forestry

1. Delays in the delivery of equipment, tools and machinery and the expense of shipping them from the exporting country by an indirect route gave rise to additional costs of some LD 5,000.

2. Delays in securing fire-fighting equipment and vehicles caused an estimated LD 100,000 worth of damage to woodlands.

3. The difficulties encountered by those seeking to participate in seminars, conferences and training courses and by delegates on official mission gave rise to additional travel costs of some LD 3,000.

4. There were delays in the delivery of mail that used to come by air, so that opportunities to attend scientific gatherings at the times scheduled were often lost.

C. Preventive programmes

1. Phytosanitary inspectors had difficulty in travelling to inspect incoming shipments in the countries of origin and incurred additional travel costs.

2. Experts and technicians in the fields of pest and insect control also found difficulty in travelling.

3. It was not possible to secure a laboratory for the analysis of pesticide residues on agricultural products, so that such analyses had to be done outside the country despite the delicacy and complexity of the procedures involved. The absence of a

laboratory to conduct analyses on a daily and ongoing basis represented a hazard to the health of Libyans.

4. National personnel were prevented from attending conferences and seminars held outside the country.

D. Agricultural aviation

Most of its aircraft being out of service because of its inability to obtain the necessary spare parts, the agricultural aviation company was unable to implement the desert locust control programme, to combat agricultural pests and diseases, to spray fertilizer or to seed pastureland. This harmed not only the company itself but also the major cereal-growing enterprises that rely on its services.

E. Water

Studies in this field were hampered because there could be no aerial photography. Mapping in the field therefore had to be done by making topographical maps using ground-based methods, which takes longer and increases costs.

F. Marketing of agricultural produce

Profitability and productivity declined because of the acute shortage of such inputs as drugs, pesticides, spare parts and fertilizer.

G. Processing of agricultural produce

1. There were delays in the importation of spare parts needed for the processing plants of companies in the sector.

2. Companies were unable to expand their plants or modernize their production lines.

III. Livestock

The continued enforcement of Security Council resolutions 748 (1992) and 883 (1993) had an increasingly adverse impact on output in the livestock sector in terms of both its quantity and quality. Direct financial losses, both visible and invisible, were caused by the breakdown of processing machinery and equipment in enterprises connected with the livestock sector (animal-feed plants, veterinary laboratories, dairies, tanneries, the wool industry, and so forth). The most serious consequences for the livestock sector are summarized hereunder.

1. There were delays in the delivery of medical and veterinary supplies, especially of serums and vaccines needed to protect farm animals and poultry from diseases that can otherwise cause a rate of loss of up to 90-per-cent in certain seasons.

2. There were growing shortages of the preparations used in laboratory diagnosis, and this had an adverse impact on the work of laboratories for the diagnosis of animal diseases.

3. The suspension of air traffic prevented specimens from being sent to international laboratories and reference centres in order to verify the results obtained in testing for diseases that are difficult to diagnose locally. This raised the level of risk and increased animal fatalities.

4. The air embargo increased the cost of veterinary vaccines, particularly those imported from distant countries such as Australia. The procedures involved in shipping vaccines by air from one European country to another or to a neighbouring Arab country and then reshipping them overland or by sea to the Jamahiriya increased the risk of spoilage and of the loss of all or part of their efficacy.

5. The suspension of direct shipments of day-old chicks and layers by air freight led to increased costs, higher rates of loss, increased breakages and reduced hatchings owing to the use of indirect means of transportation by way of other countries. This caused market shortages of white meat and eggs.

6. When there were outbreaks of disease in livestock it was difficult to ensure the timely arrival of vaccines and serums.

7. Many enterprises and plants in the livestock sector ceased operation and output rates fell because of the delayed arrival of primary inputs, spare parts and the tools and equipment needed for production and operation.

8. The arrival of expatriate experts and technicians to carry out urgent maintenance and repair work was delayed, and associated travel costs increased.

9. The plans of the General People's Committee for Livestock to establish a number of zoological parks had to be postponed because the necessary wild animals could not be brought from abroad by air and it is not possible to transport them in any other way.

The cost of the physical damage and financial losses sustained by the sector from the time sanctions were first imposed until they were suspended on 5 April 1999 is estimated at some $6,610,337,300.

IV. Transport and communications

From the time the sanctions were first imposed on 15 April 1992 until they were suspended on 5 April 1999, the transport and communications sector sustained enormous damage owing to the maintenance of the unjust air embargo. Development plans were disrupted and the planning process in general became more difficult, as is shown by the examples given hereunder.

Plans for the overall expansion of the air transport fleet were suspended; the airport construction and development programme had to be modified and placed on hold; and maintenance programmes were disrupted. The sector was forced to liquidate some of its companies or transform them into lower-level agencies because they did not have the resources to continue operations. Training programmes, particularly those for pilots, were disrupted.

The programme for the expansion of the freighter and tanker fleets was delayed, and major financial commitments were made for the development of maritime passenger services in order to cope with the situation that had been imposed.

Road construction programmes were postponed and road maintenance programmes were required to make major outlays because of the increased use of roads and the enormous rise in the numbers of vehicles on them. There were associated problems with vehicle maintenance and spare parts.

Additional financial burdens were imposed by the increasingly high cost of designating intermediary exchange offices for the receipt and forwarding of international mail on its way to and from the country.

Programmes for the development of the meteorological sector were disrupted, particularly those for cloud-seeding.

Despite the recent suspension of the sanctions, their direct and indirect impact will be felt for years to come, and it will be a long time before the air transport sector in particular can absorb the technical advances made in the meantime and thus keep abreast of developments in the future. The total losses sustained by the transport and communications sector are estimated at some $3,712,649,585, as shown in table 3.

1. Libyan Arab Airlines

Libyan Arab Airlines sustained heavy financial losses amounting to some $2,861,274,890. The company's management was forced to close most of its offices, both at home and overseas, and to dismiss most of its employees since it was unable to pay their salaries and meet the enormous costs involved in keeping the company in operation at a time it was receiving no revenues.

2. Socialist Airport Company

The company sustained financial losses of some $72,557,750. It was liquidated and all operations were suspended following the loss of its revenues owing to the suspension of air traffic to and from the country. Losses were caused by increasing expenditures on the maintenance and upkeep of airports and equipment without any offsetting financial return and by disbursements on salaries for airport maintenance technicians.

3. Light Air Transport Company

The company sustained financial losses of $45,376,020. It was unable to obtain the spare parts necessary to operate its aircraft, unable to train its aircrews and unable to adhere to schedules in accordance with customary international operating standards. Many of its aircraft were thus taken out of service.

4. Libyan Arab Air Freight Company

The company sustained financial losses in the order of $197,220,000. It suspended activities at home and abroad because it was unable to obtain the spare parts needed to maintain its aircraft, unable to train its aircrews and unable to adhere to schedules in accordance with international standards. At the same time, it had to

meet the cost of salaries and other expenditures without any offsetting financial return.

5. General Civil Aviation Board

The Board sustained losses of some $126,315,990. They can be ascribed to: the payment of the salaries, wages and allowances of its employees without realizing any financial return; the loss of the annual revenues previously accruing from international transit traffic through the country's airspace; and the loss of annual revenues from the provision of ground services, air-navigation services and other essential facilities. There were other major invisible financial losses associated with the provision of essential services and facilities in the air transport field in general that it is more difficult to characterize and whose cost is more difficult to assess.

Table 3
Losses sustained by the transport and communications sector

No.	*Subsector*	*Losses (dollars)*
1	Libyan Arab Airlines	2 861 274 890
2	Liquidation of the Socialist Airport Company	72 557 750
3	Light Air Transport Company	45 376 020
4	Liquidation of the Libyan Arab Air Freight Company	197 220 000
5	General Civil Aviation Board	126 315 990
6	National General Maritime Transport Company	146 086 965
7	Socialist Ports Corporation	23 500 000
8	General Postal and Telecommunications Corporation	204 707 970
9	Highway network	35 610 000
Total		**3 712 649 585**

6. Surface and maritime transport and postal communications

The heavy financial losses sustained by the sector are set forth hereunder.

(a) National General Maritime Transport Company

The company sustained financial losses of some $146,086,965 owing to accelerated rates of depreciation of ships and increased expenditures on maintenance, equipment, services and spare parts.

(b) Socialist Ports Corporation

The financial losses of the corporation were in the order of $23,500,000, representing the amount it would have obtained from services and handling. It was also unable to obtain machinery, spare parts and operating and maintenance equipment.

(c) General Postal and Telecommunications Corporation

Financial losses amounted to some $204,707,970 and were caused by the increasingly higher costs incurred in designating intermediary exchange offices for the forwarding and receipt of mail on its way to and from the country. Foreign postal administrations also held frozen assets belonging to the corporation and refused to hand them over.

(d) Highway network

The increased use of all types of public and private passenger and freight vehicles and tractor-trailers on the roads caused mounting and increasingly serious damage to the public highway network throughout the country, and there was a corresponding increase in the financial resources allocated for its maintenance. Large amounts of money were also required to meet the increased costs of general maintenance work for vehicle combines and of mounting consumption of petroleum and petroleum products. The financial losses are thus estimated at $35,610,000.

The implementation of Security Council resolution 883 (1993) gave rise to many new problems for the transport and communications sector, such as the freezing of financial assets belonging to companies and public corporations in the sector. Difficulties were encountered in securing the issue of the bank letters of credit required for the execution of sectoral projects, and companies and public corporations in the sector also encountered other problems relating to insurance procedures and additional costs for overseas transfers.

V. Industry and mining

The measures imposed on the Jamahiriya pursuant to Security Council resolutions 748 (1992) and 883 (1993) caused heavy losses that, when combined, disrupted the production process and halted production lines in many factories in the sector so that many locally produced manufactured goods were in short supply. These measures also played a part in raising the number of banking intermediaries required and thus increased the cost of inputs and of the spare parts that factories require on a regular basis. Many factories ceased production because of the shortage of spare parts, the delayed delivery of inputs and the reluctance of counterpart companies overseas to do business with Libyan companies. The latter factor deprived the sector of technical assistance and contributed to the delays encountered in the establishment and expansion of some factories and the initiation of new projects. The sector suffered large-scale financial losses that amounted to some $5,850,895,332, and the reasons for these losses are set forth hereunder.

1. Because urgently needed spare parts could not be shipped by air, factories were unable to operate, output fell and final producer costs rose.

2. Technicians and instructors from companies under contract to provide technical assistance had difficulty reaching the country and were placed at risk while travelling. This disrupted planned schedules for operating and maintenance work in most factories and had an adverse impact on their plans to increase production capacity and improve efficiency. It also increased their production costs.

3. There were long delays in the delivery of documents relating to credits for raw materials and spare parts on order for factories. Other measures therefore had to be

taken to secure agreement for the recovery of the proceeds by means of bank guarantees, which require a long waiting period. This had an adverse impact on production plans and incurred extra costs.

4. There were delays in the completion of importation procedures and in the opening of letters of credit as a result of the obstacles created by the new formalities required by the unjust embargo measures, such as the large quantity of documentation that became necessary and the additional conditions imposed.

5. There were delays in the arrival of urgent consignments of raw materials and spare parts that had customarily been imported by air as required, and this disrupted and otherwise adversely affected production. The main reason for this is that some factories require raw materials that have a very short shelf-life and must therefore be imported by air in small quantities so as to limit spoilage due to shipping delays. The same situation presents itself in connection with spare parts imported to cope with maintenance needs as they arise.

6. Schedules for the arrival and departure of experts, technical assistance teams, official envoys and trainees were disrupted. The associated costs also rose because such persons had to make an additional journey overland or by sea to and from neighbouring countries. Difficulties were also caused by administrative formalities in those countries and the time and effort they required. This situation had the effect of promoting a negative outlook among experts and trainees and dampening their enthusiasm.

7. Representatives of major overseas companies involved in activities of relevance to the industrial and mining sector were reluctant to come to the country to discuss possible areas for cooperation because of the hardships they might undergo and the time they might have to spend travelling to and from the country overland.

8. Some companies of international renown were reluctant to do business with Libyan companies because of the large number of banking procedures involved and the additional costs thus entailed and because of the time lost in waiting for letters of credit to be issued. Companies in the sector therefore had to import their requirements through third parties, which could increase prices by perhaps 15 per cent.

9. Overseas training programmes, of the greatest importance for the training and placement of national personnel in factory operation, were disrupted.

10. The air embargo imposed on the Jamahiriya prevented personnel from the sector from participating in the many conferences, workshops and seminars that can make a major contribution to enriching scientific activity in the sector and to its ability to keep abreast of developments. Libyan experts and technicians were thus prevented from monitoring technological developments in world industry.

11. The cost of opening letters of credit increased because of the imposition of a bank commission, called "the risk commission", assessed at 2 per cent of the amount in question. For some companies this was increased to 6 per cent, thus adding to the cost of the imported merchandise.

12. Some letters of credit had been opened in favour of foreign companies before the embargo was imposed, and Libyan companies were unable to use them as a result of Security Council resolution 883 (1993).

13. Long-term inventories of some operating supplies had to be built up because of occasional shortcomings in procurement from some companies or damage caused by shipping and handling. This problem had previously been solved by the possibility of rapid shipment by air.

VI. Finance and trade

Like all other crucial sectors, that of finance and trade was adversely affected by the sanctions imposed on the Jamahiriya under Security Council resolutions 748 (1992) and 883 (1993). The financial losses sustained by the sector between 15 April 1992 and the time the sanctions were suspended on 5 April 1999 are estimated at some $8,628 million. The major reasons for this were:

(a) The impact on gross national product of output in the industrial, agricultural and fisheries sectors and of financial and banking transactions;

(b) The fall-off in the import-export trade as a result of the increased costs of purchasing and transporting those goods that were available;

(c) The notable decline in export earnings because of the reduced output of industry, agriculture and fisheries with the reduced operating levels, the loss of competitiveness suffered by Libyan products because of increased costs, and the impossibility of exporting by air because of the maintenance of the embargo;

(d) The freezing of Libyan assets abroad and the consequent loss of access to the customary international banking facilities; delays with financial operations and letters of credit because of problems with the endorsement and sight payment of credits, with a consequent doubling of the normal costs; and delays in the delivery of documents as scheduled;

(e) A marked rise in the prices of goods and services in local markets (the rate of inflation in the national economy having risen from 1.3 per cent in 1989 to 15.7 per cent in 1994 and 48 per cent in 1997, and the cost of most goods and services having risen by more than 800 per cent and of others by between 170 and 350 per cent), so that the increased outlays exhausted a major portion of the savings of Libyan consumers, particularly those in low-income groups, and had an adverse impact on the real incomes of expatriates living and working in the country;

(f) The loss of business opportunities for Libyan and foreign businessmen and the financial losses they suffered when obliged to travel overland or by sea and by way of third or fourth countries, to arrive late at their destinations and to expose themselves to risk and stressful experiences on the way.

The financial losses sustained by the sector, reflecting the serious damage done to it and the consequences of that damage, are set forth hereunder.

1. There were losses of some $1,960 million dollars owing to the failure to process bank credits in a timely manner for the importation of all types of clothing, ready-made shoes, foodstuffs, baby food and infant formula, electric and other appliances, construction materials, spare parts, home and office furniture, school stationery, food for diabetics, drugs, development-related items, operating supplies, and so forth.

2. The financial losses arising out of shortfalls in the output of industry, agriculture, the livestock sector and fisheries were in the order of $4,652 million dollars, and their impact on the Libyan market became clearer day by day.

3. The financial losses caused by the reduced volume of exports of agricultural and fishery products to overseas markets owing to the maintenance of the air embargo were in the order of $749 million.

4. The freezing of Libyan assets abroad and the lack of access to banking facilities for the opening of credits, for transfers to meet the import-export needs of the public and private sectors and for established debt transfers resulted in financial losses of some $683 million.

5. There were losses of some $539 million because of the additional travel costs incurred by Libyan businessmen, in both public and private sectors, when obliged to adjust their travel arrangements to the routes flown by foreign carriers from airports in neighbouring countries and to include additional stages in their itineraries in order to reach the countries where they sought to do business or to meet contractual and other obligations. This was in addition to the stress caused by the hardships of travel, additional overnight stopovers on both outward and homeward journeys and delays.

The most significant manifestations of the impact of the sanctions on the sector are described hereunder.

A. Freezing of Libyan assets overseas

Libyan overseas assets were frozen several years ago. Had these assets been freely available, they might have made a major contribution to the economic and social development process and it is possible that they might have increased more than twofold by contributing to gross domestic product. The freeze on revenues derived from Libyan overseas investments caused the loss of many investment opportunities and prevented the country from benefiting from its investment income.

B. Foreign trade

Banks in other countries were prevented from providing Libyan banks with the customary facilities required to finance foreign trade and such facilities, worth some $3 billion before the embargo, became completely unavailable. As a result of the enforcement of the embargo resolutions, international banks insisted on full backing, in cash and in advance, for the issuance of documentary credits. This doubled the normal cost of such credits, for an additional annual outlay of $600 million.

Countries were prohibited from supplying particular equipment and materials essential for the operation, maintenance and expansion of the oil industry. This caused severe damage to the country's most important industry and the mainstay of the national economy.

The country was prevented from shipping exports other than oil, gas and agricultural produce, thereby depriving it of opportunities to develop its other industries and particularly those in which major investments have been made in recent years for the specific purpose of targeting the export market.

C. Development spending

As a result of the adverse impact on available economic resources, expenditures on the development of the national economy were lower than they had been before the embargo. This meant poor economic performance and a consequent reduction in the availability of the goods and services required to meet basic needs, and it impaired the ability of the national economy to generate sufficient job opportunities for new entrants to the national workforce. A shortage of goods and services leads, of course, to higher prices because of increased demand for the supply available, and this, in turn, introduces the bane of ever worsening inflation into the economy. Some of the major areas in which poor economic performance was reflected are considered hereunder.

1. Underutilization of capacity

Rates for the utilization of productive capacity in the industry sector fell, and actual utilization of available capacity was less than 50 per cent throughout the period of the embargo. This was because of a shortage of the financial resources necessary to secure inputs such as raw materials and spare parts, because some countries suspended or reduced their commercial dealings with Libya in compliance with the embargo resolutions, and because of the difficulty of importing operating supplies on schedule owing to the fact that the means of transportation available were inadequate and congested.

2. Inflation and high prices

The rate of inflation in the national economy rose from 11.7 per cent in 1991 to 28 per cent in 1994. One of the main causes of this inflation was the high retail prices of some consumer goods because of the poor performance of the economy in making them available in the required quantities.

3. Standard of living

By 1997 the standard of living of Libyan households had fallen by some 40 per cent in comparison with financial year 1992/93.

4. Unemployment

Because of the embargo and the consequent decline in the level of economic performance, the national economy experienced an overall contraction since 1992 that affected its ability to generate job opportunities for all new entrants to the labour market. While the economy had been blessed with full employment, in recent years, and since 1993 in particular, there have been manifestations of under-employment and increasing numbers of Libyans have been seeking work.

VII. Energy

The continued enforcement of the unjust embargo resolutions caused increasing damage to the oil sector, and the financial losses are estimated at some $5,876,285,000. The causes and a breakdown of these losses are given hereunder.

1. Production was lost because of the reduced efficiency of equipment owing to the unavailability of the necessary spare parts and because it was impossible to secure access to advanced technology and to implement a number of ancillary projects.

2. Prices for equipment and spare parts were higher because some suppliers treated the Jamahiriya as a danger zone while others took advantage of the circumstances in which the country found itself and because of increased procurement cycle costs.

3. Revenues were lost as a result of delays in the development of refineries, the petrochemical industries and the coastal gas-pipeline project.

Table 4

Damage caused to the oil sector by the implementation of Security Council resolutions 748 (1992) and 883 (1993) from the time they first took effect until 31 March 1999

No.	*Item*	*Cost (Millions of dollars)*
1	Lost production	1 927
2	Delay in development projects for the oil and gas industry	1 377 049
3	Additional drilling, maintenance and production costs	847 306
4	Higher prices of materials, equipment and spare parts	487 325
5	Lost revenues	379
6	Increased project costs	305 576
7	Increased cost of employee travel	163 517
8	Additional operating costs	152 600
9	Increased cost of ancillary services	144 500
10	Increased cost of aviation services contracts	45 996
11	Problems caused by prohibitions on the importation of certain equipment	8 600
12	Cost of technology withheld	22 680
13	Increased drilling and proving costs	11
14	Increased cost of management services	2 536
15	Increased cost of shipping and marketing	1 600
Total		**5 876 285**

4. Air and surface transport costs increased owing to more expensive contracts for the companies currently engaged in air transport operations, higher costs for aircraft maintenance and longer distances travelled by employees in the sector.

5. Shipping and marketing costs rose.

6. Investment projects became more costly.

7. Investment opportunities were lost owing to the restrictions imposed on international companies.

Table 5
Total financial losses resulting from the damage caused by the implementation of Security Council resolutions 748 (1992) and 883 (1993)

No.	*General People's Committee*	*Amount (dollars)*
1	Health and Social Welfare	1 429 593 234
2	Agriculture	1 494 648 712
3	Livestock	6 610 337 300
4	Transport and Communications	3 712 649 585
5	Industry and Mining	5 850 895 332
6	Finance and Trade	8 628 000 000
7	Energy	5 876 285 000
Total		**33 602 409 163**